

Amendments to Senate Bill No. 489
1st Reading Copy

Requested by Senator Jerry Black

For the Senate Taxation Committee

Prepared by Lee Heiman
March 21, 2009 (11:13am)

SENATE TAXATION

EXHIBIT NO. 6
DATE 3.24.09
BILL NO. SB489

1. Title, line 6.

Strike: the first "AND"

Insert: "; PROVIDING"

Strike: "PRODUCTION PROPERTY, INCLUDING"

Insert: "WELLS,"

2. Title, line 7.

Strike: ", IS"

Insert: "ARE"

Strike: "EIGHT"

Insert: "SEVENTEEN"

Following: "PROPERTY;"

Insert: "SPECIFYING THE MANNER OF VALUATING CLASS SEVENTEEN
PROPERTY; CLARIFYING THAT CLASS SEVENTEEN PROPERTY IS NOT
CENTRALLY ASSESSED;"

3. Title, line 8.

Strike: "15-6-138,"

Following: "15-6-141,"

Insert: "15-8-111,"

4. Page 1, line 13 through page 2, line 25.

Strike: section 1 in its entirety

Renumber: subsequent sections

5. Page 3, line 13.

Following: "pipelines"

Insert: "other than those in class seventeen as provided in
[section 2]"

6. Page 3, line 26.

Insert: "NEW SECTION. Section 2. Class seventeen property --
description -- taxable percentage. (1) Class seventeen property
includes oil and gas flow lines and gathering lines and
appurtenant wells that, prior to January 1, 2008, were centrally
assessed property. To qualify as class seventeen property the
property must consist of at least 300 miles of flow lines or
gathering lines under a single ownership.

(2) "Flow lines and gathering lines" means pipelines used
to transport all or part of the oil or gas production from an oil

or gas well to an injection point through a common carrier pipeline or a natural gas or oil transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

(3) Class seventeen property is taxed at 12%."

Insert: "Section 3. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) If the department uses the capitalization-of-net-income method as one approximation of market value and sufficient, relevant information on comparable sales and construction cost exists, the department shall rely upon the two methods that provide a similar market value as the better indicators of market value.

(d) Except as provided in subsection (3), the market value of special mobile equipment and agricultural tools, implements, and machinery is the average wholesale value shown in national appraisal guides and manuals or the value before reconditioning and profit margin. The department shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

(3) The department may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the average wholesale value category as shown in Guides 2000, Northwest Region Official Guide, published by the North American equipment dealers association, St. Louis, Missouri. If the guide or the average wholesale value category is unavailable, the department shall use a comparable publication or wholesale value category.

(b) for agricultural implements and machinery not listed in an official guide, the department shall prepare a supplemental manual in which the values reflect the same depreciation as those found in the official guide;

(c) for condominium property, the department shall establish the value as provided in subsection (4); and

(d) as otherwise authorized in Titles 15 and 61.

(4) (a) Subject to subsection (4)(c), if sufficient, relevant information on comparable sales is available, the

department shall use the comparable sales method to appraise residential condominium units. Because the undivided interest in common elements is included in the sales price of the condominium units, the department is not required to separately allocate the value of the common elements to the individual units being valued.

(b) Subject to subsection (4)(c), if sufficient, relevant information on income is made available to the department, the department shall use the capitalization-of-net-income method to appraise commercial condominium units. Because the undivided interest in common elements contributes directly to the income-producing capability of the individual units, the department is not required to separately allocate the value of the common elements to the individual units being valued.

(c) If sufficient, relevant information on comparable sales is not available for residential condominium units or if sufficient, relevant information on income is not made available for commercial condominium units, the department shall value condominiums using the construction-cost method. When using the construction-cost method, the department shall determine the value of the entire condominium project and allocate a percentage of the total value to each individual unit. The allocation is equal to the percentage of undivided interest in the common elements for the unit as expressed in the declaration made pursuant to 70-23-403, regardless of whether the percentage expressed in the declaration conforms to market value.

(5) For purposes of taxation, assessed value is the same as appraised value.

(6) The taxable value for all property is the percentage of market or assessed value established for each class of property.

(7) The assessed value of properties in 15-6-131 through 15-6-134, 15-6-143, and 15-6-145, and [section 2] is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-134, under class four, are assessed at the applicable percentage of market value minus any portion of market value that is exempt from taxation under 15-6-222.

(e) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(f) Railroad transportation properties in 15-6-145 are assessed based on the valuation formula described in 15-23-205.

(g) Properties in [section 2], under class seventeen, are assessed based upon the original cost of the property less depreciation.

(8) Land and the improvements on the land are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town."

{ Internal References to 15-8-111:

2-9-211	7-3-1321	7-7-107	7-7-2101
7-7-2301	7-7-4201	7-13-237	7-13-309
7-13-4103	7-14-236	7-14-2520	7-14-2524
7-14-2524	7-14-2524	7-14-2525	7-16-2327
7-16-2433	7-16-4104	7-31-107	7-33-2109
7-33-2404	7-34-2131	15-1-101	15-1-303
15-8-104	15-8-307	15-8-512	15-8-701
15-24-1102	15-24-1103	15-39-110	19-18-503
39-71-403	85-9-103	85-9-406 }	

7. Page 4, line 2.

Following: "state"

Insert: ", other than property classified as class seventeen property pursuant to [section 2],"

8. Page 5, line 9.

Insert: "NEW SECTION. Section 5. {standard} Codification instruction. [Section 2] is intended to be codified as an integral part of Title 15, chapter 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to [section 2]."

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